

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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JUN 11 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Petition of Ameritech Corporation )  
for Expedited Declaratory Ruling )  
That its Teaming Arrangement )  
with Qwest Communications )  
Corporation is Lawful )

**PETITION FOR EXPEDITED DECLARATORY RULING**

Pursuant to section 1.2 of the Commission's rules, 47 C.F.R. § 1.2, Ameritech Corporation (Ameritech) respectfully petitions the Commission for an expedited declaratory ruling that the teaming arrangement between Ameritech and Qwest Communications Corporation (Qwest), as set forth in the contract attached hereto, is lawful under the Communications Act of 1934, as amended (the Act).<sup>1</sup> Ameritech requests, in particular, that the Commission rule that this arrangement is fully consistent with sections 271 and 251(g) of the Act.

A declaratory ruling is needed to "terminat[e the] controversy" and "remov[e] uncertainty" surrounding this teaming arrangement, the lawfulness of which has been challenged by certain interexchange carriers. A declaratory ruling would also resolve the issues recently referred to the Commission by the United States District Court for the Northern District of Illinois and the United

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<sup>1</sup> Unlike the pending petition for declaratory ruling filed by Sprint Communications Company, L.P., which is moot insofar as it seeks a ruling with respect to terms of a proposal that was not implemented, this petition seeks a declaratory ruling on the actual terms of the teaming arrangement that Ameritech and Qwest have agreed to. See Ameritech Motion to Dismiss, filed June 4, 1998, Petition for Declaratory Ruling to Declare Unlawful Certain RFP Practices by Ameritech, CC Docket No. 98-62.

States District Court for the Western District of Washington.<sup>2</sup> The referrals in both cases resulted from requests by the Commission that it be given the opportunity to address in the first instance the legal issues raised by the Ameritech and US West teaming arrangements.

In asking the District Court to refer to it the legal issues presented by the Ameritech/Qwest teaming arrangement, the Commission expressly represented that it would consider these issues on an expedited basis, and the Court stated that it expected the Commission to live up to this promise. The best way – indeed, the only way – for the Commission to fulfill this promise is to seek comment on an expedited basis on the legal issues that have been referred to it, and then to make a decision with respect to these matters as quickly as possible.

In contrast, a section 208 proceeding would not be an appropriate vehicle for addressing this teaming arrangement. For one thing, a new complaint is completely unnecessary. A Complaint already has been filed and answered in federal district court framing the very issues the Commission asked the Court to refer to it. Moreover, both plaintiffs and defendants have already taken discovery. The parties are now ready to brief the issues and obtain a decision. There is absolutely no need to reframe the issues in a new complaint and a new

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<sup>2</sup> See *AT&T Corp., v. Ameritech Corp.* No. 98 C 2993, Memorandum and Order (N.D. Ill., June 9, 1998); *AT&T Corp. v. US West Communications, Inc.*, No. C98-634, Order Granting Preliminary Injunction, Referring Legality Issue to FCC, and Staying Proceedings (W.D. Wash. June 4, 1998).

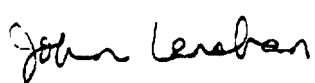
answer. Those steps at this point would be completely wasteful and contrary to the Commission's commitment to handle this matter expeditiously.

Moreover, if AT&T files a complaint with the Commission, as AT&T has indicated it intends to do, such complaint would be subject to dismissal on the ground that AT&T is already party to a suit in federal district court with respect to the same matter. In referring the legal issues presented by this case to the Commission, the district court notably did not dismiss this case; it merely stayed the action pending input from the Commission, while retaining jurisdiction. It is axiomatic that a party may not file simultaneous complaints with respect to the same matter before two separate forums.

To avoid these jurisdictional problems and to ensure the fastest possible decision on the discrete legal issues presented by the Ameritech/Qwest teaming arrangement, the Commission should issue a declaratory ruling as to the

lawfulness of this matter on an expedited basis. To that end, the Commission should seek comments in ten days and reply comments in seven days.

Respectfully Submitted,

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June 11, 1998

## **TEAMING AGREEMENT**

THIS AGREEMENT is entered into as of May 6, 1998, between AMERITECH SERVICES, INC. ("Ameritech Services"), a Delaware corporation, with offices at 2000 West Ameritech Center Drive, Hoffman Estates, Illinois 60198-1025, for itself and on behalf of its affiliates ("Ameritech"), and QWEST COMMUNICATIONS CORPORATION, a Delaware corporation with offices at 555 Seventeenth Street, Denver, Colorado 80202 ("Carrier").

WHEREAS, Ameritech and Carrier are independent, unaffiliated entities engaged directly or indirectly in the provision of telecommunications services, and Ameritech Services and Carrier wish to enter into a teaming relationship wherein Ameritech will market Carrier's InterLATA services alone or in conjunction with other services Ameritech offers to its customers, and Carrier will provide certain retail interLATA services to customers who agree to use Carrier in response to marketing initiatives of Ameritech (the "End Users"); and

WHEREAS, both parties agree that this teaming relationship must be accomplished in a manner which recognizes the independent objectives and obligations of each party, and is beneficial to, and not injurious of, each party's brand image and brand value(s);

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the parties agree as follows:

### **ARTICLE ONE**

#### **1.01 Agreement Term**

This Agreement is effective from May 1, 1998 through April 30, 2000 (the "Initial Term"), and shall continue thereafter indefinitely unless and until terminated by either party for any or no reason upon not less than ninety (90) days prior written notice to the other party. During the Initial Term of this Agreement, Ameritech shall have the unrestricted right to terminate this Agreement as to one (1) or more State(s) within its wireline serving territory upon not less than ninety (90) days prior written notice to Carrier.

#### **1.02 Scope of Services**

The purpose of this Agreement is: (a) to provide customers a convenient means to obtain reliable and competitively priced retail telecommunications services offered by Ameritech and/or Carrier (the "Services"); (b) to do so in a manner that is profitable to each party and not detrimental to either party; and (c) to do so in compliance with applicable law and regulation. No Service of one party will be resold by the other party under this Agreement, and the Services will be sold only in the form and under the terms and conditions permitted by the offering carrier.

To achieve the purpose of this Agreement, Carrier grants Ameritech the right, but not the obligation, to market Carrier's InterLATA Services alone and/or in connection with Ameritech's marketing, sale and provision of certain of its Services to Ameritech's consumer and small business segments in Ameritech's wireline serving territory, and in accordance with the specifications and requirements set forth in Attachment "A" attached hereto. At all times, Carrier shall be the retail provider of all interLATA Services contracted for by the End Users, and Ameritech shall be the retail provider of intraLATA Services to those End Users marketed to under this Agreement; provided that, nothing herein contained shall operate to inhibit or prevent an End User from selecting the carrier and services of their choice.

Customer correspondence and marketing materials will identify Carrier as the provider of InterLATA Services offered under this Agreement. Ameritech will not hold itself out to prospective customers or End Users as the provider of InterLATA Services under this Agreement. InterLATA charges will be separately displayed on the End User's telephone bill and Carrier will be clearly identified on that telephone bill as the provider of such Services.

To ensure that the Services that are marketed to End Users meet mutually acceptable quality standards, Carrier and Ameritech shall comply with the network and operations specifications and requirements specified in Attachment A or elsewhere in this Agreement that relate to the Services that they provide, and shall revisit these standards from time to time to address concerns raised by either party about service reliability and service quality generally. Notwithstanding the above, Carrier retains the right to deviate from these minimum network and operations specifications and requirements by giving not less than sixty (60) days prior written notice to Ameritech, and Ameritech may terminate this Agreement upon written notice to Carrier if any such deviation impacts Ameritech's operations or its brand image or values, with such termination to occur on the effective date of the deviation from these network and operations standards.

Concurrent with the execution of this Agreement, Carrier shall execute with Ameritech and maintain throughout the term of this Agreement a Billing and Collection Agreement which meets the minimum requirements specified in Attachment A, and under the terms of which Ameritech will be authorized as Carrier's agent to bill and collect from End Users acquired by Carrier hereunder the charges for the Services provided by Carrier to such End Users, if such Services are capable of being billed to the End User through Ameritech. The Billing and Collection Agreement (a) shall not include any minimum monthly payments requirement for Carrier, (b) the one-time, initial "start-up" fees specified in the Billing and Collection Agreement will be recovered by Ameritech as a part of the marketing costs pursuant to Paragraph 15 of Attachment A, and (c) will provide that its term extends for at least one hundred eighty (180) days after termination of this Teaming Agreement, to allow the orderly transition of End Users acquired hereunder onto Carrier's systems.

### 1.03 Pricing

The charges for Carrier's interLATA Services will be governed solely by Carrier's tariffs and/or price lists. Carrier will charge the tariffed, retail per-minute prices set forth below ("Prices") for the direct-dialed domestic (contiguous 48 States) interLATA and other identified Services it offers to End Users under this Agreement; *provided that*, Carrier retains the right to increase or decrease Prices as specified hereunder:

<u>Service Category</u>	<u>24x7 Price Ceiling</u>	<u>Peak/Off-Peak Price Ceiling</u>
1. Residential	NA	\$0.15/\$0.07
2. Business	\$0.095	NA
3. Other Services	See Attachment A	See Attachment A

The "Peak" period shall be defined as 7:00 a.m. (local time) to 7:00 p.m. (local time), Monday through Friday (excluding national holidays.) All other times (including all day Saturday and Sunday) shall be "Off-Peak". The Prices are based on billing (a) business End Users in six (6) second increments, with an eighteen (18) second minimum and in six (6) second increments thereafter, rounded up to the next six (6) seconds, and (b) residential End Users in one (1) minute increments, rounded up to the next minute. The Prices set forth in this Agreement for the performance of the Services are exclusive of federal, state or local taxes and other fees which may be imposed on Carrier for the provision or use of the Services, or expected to be recovered by Carrier pursuant to a Regulatory Requirement (as defined below), or a mechanism for collection or recovery that is accepted in lieu of a Regulatory Requirement. Such taxes and other fees will be billed separately by Carrier (through the Billing and Collection Agreement or as the parties otherwise agree) and shall be paid by the End User to Ameritech for the account of Carrier at the time of payment of its bill(s). The parties agree that any USF or PICC fees for which Carrier is responsible shall be passed through to the End User in accordance with Carrier's tariffs and other applicable policies of Carrier. The Prices specified herein are otherwise inclusive of any charges or expenses Carrier may be required to pay to provision the Services, including the PIC Change charge (which charge Carrier will not pass through to the End User). Carrier shall not be required to pay Ameritech separately for any credit checks or credit processing.

Carrier may at any time during the term of this Agreement decrease any or all of the Prices by making such tariff revisions as it deems necessary, and by providing not less than one (1) business day's prior written notice to Ameritech of the effective date of such tariff change(s); *provided that*, Ameritech will bill for such revised rate as of the effective date of the tariff, but will not be required to implement such price decrease in its marketing and sales efforts until such time as it is commercially practicable after receipt of Carrier's notice. Each affected End User will obtain the benefit of such price decrease as of the effective date of the applicable tariff revision. Carrier may at any time during the term of this Agreement increase any or all of the Prices by making such tariff revisions as it deems necessary and by giving not less than thirty (30) days prior written notice to Ameritech of such Price changes; *provided that*, if any such Price increase during the Initial Term hereof results in Prices above the Prices specified in the above table, then (i) Carrier shall be required to give sixty (60) days prior written notice to Ameritech of such Price increase, and (ii) Ameritech may terminate this Agreement upon written notice to Carrier, with such termination to occur on the effective date of the Price increase.

In the event of any Price increase or decrease, Carrier shall comply with such notification requirements as are applicable to it by law or regulation. Both parties shall agree on the content and methodology of the notice, and Carrier shall pay the cost of creating and disseminating the notice.

#### **1.04 Performance, Performance Delays and Inability to Perform**

Ameritech and Carrier shall establish a schedule for the marketing of Services under this Agreement which contemplates the public offering of the Services as soon as commercially practicable, but in no event more than thirty (30) days after execution hereof, and the parties shall cooperate to develop a forecast of such network, provisioning, monthly traffic volumes and geographic distribution, customer service and billing requirements as may reasonably be anticipated in the performance of this Agreement and the provision of Services, and to update the forecasts from time to time, but no forecast information from either party shall constitute a commitment on the part of either party providing information, and shall be used solely to maintain or improve the level of Services to be provided to End Users. If Carrier has knowledge that anything prevents or threatens to prevent Carrier's timely performance under this Agreement, Carrier shall immediately notify Ameritech thereof.

#### **1.05 Independent Contractor**

Both parties shall deliver their respective Services hereunder as independent contractors. Nothing herein shall be construed as creating any relationship between the parties hereto in the nature of a partnership, resale carrier relationship or joint venture. Neither Carrier nor Carrier's employees shall be deemed for any purpose to be employees of Ameritech. Neither Ameritech nor Ameritech's employees shall be deemed for any purpose to be employees of Carrier. Each party shall be solely responsible for the withholding or payment of all applicable federal, state and local personal income taxes, social security taxes, and other payroll taxes with respect to its employees, as well as any taxes or contributions imposed by applicable state unemployment or workers' compensation act(s).

#### **1.06 Competition**

The parties recognize that they may be competitors in the provision of some telecommunications services in markets that may be covered by this Agreement, and that nothing in this Agreement is intended to prevent Carrier or Ameritech from marketing its Services generally to prospective customers in geographic areas where the parties compete; nor is anything intended to allocate any geographic areas or part of any geographic areas between the parties. It is the intention of the parties to cooperate in marketing services under this Agreement, but not to refrain from other competitive marketing of their Services generally to customers.

Commencing when Ameritech notifies Carrier that Ameritech has acquired an End User for both Carrier's and Ameritech's Services under this Agreement and continuing until the expiration or termination of this Agreement, each party agrees that it will not utilize any Confidential Information generated or received under this teaming arrangement to directly or indirectly solicit End Users to purchase directly or indirectly from that party any services which are competitive with or substitute for the Services offered by the other party herein. No party shall be deemed to be in violation of this Agreement if it engages in general marketing of goods and services to prospective customers and such marketing activity is not based on any information obtained under or pursuant to this Agreement.

Either party's breach of this provision shall be deemed a material breach of this Agreement for which the other party shall be entitled to seek immediate injunctive relief from any court of competent jurisdiction, in addition to any appropriate monetary damages. This provision shall expressly survive the termination or expiration of this Agreement.

#### **1.07 Non-Exclusivity**

This Agreement does not grant to either party any exclusive right or privilege to team with the other party as contemplated herein, and each party reserves the right to team with other parties to provide comparable services.

#### **1.08 Cooperative Marketing**

Ameritech shall not directly or indirectly earn, receive or share in any compensation or revenue resulting from Carrier's provision of InterLATA Services. Carrier will pay to Ameritech co-marketing funds equal to (a) Thirty Dollars (\$30.00) for each residential End User acquired and/or re-acquired by Ameritech for Carrier under this Agreement during that month and (b) One Hundred Dollars (\$100.00) for each business End User acquired and/or re-acquired by Ameritech for Carrier under this Agreement during that month (collectively, the "Carrier Contribution"). For purposes of this Section only, (i) an End Users shall be "acquired and/or re-acquired" only when the PIC change has been confirmed, and (ii) an End User shall be defined as a billing telephone number, such that a residential or business End User with multiple working telephone numbers encompassed within one (1) billing telephone numbers will be treated as a single End Users, and a residential or business End User with multiple billing telephone numbers will be treated as multiple End Users.

Ameritech will invoice Carrier within thirty (30) days of the close of each calendar month for the Carrier Contribution due Ameritech for End Users acquired by Ameritech for Carrier during the prior month. In the event that Carrier disputes in good faith an invoice of Ameritech, Carrier shall pay to Ameritech the undisputed portion of the invoice within fifteen (15) days of receipt thereof via electronic funds transfer to an account Ameritech specifies, and the parties shall utilize the dispute resolution procedures of Section 2.07 hereof to resolve the dispute relating to an accounting or invoice of Ameritech. Upon the resolution of the dispute, such portion of the amount in dispute shall be paid pursuant to the resolution, and shall bear interest at the then-current prime interest rate published by Citibank (NY).

The Carrier Contributions will be held in a segregated account by Ameritech and will only be used by Ameritech to reimburse, at Ameritech's allocated cost, Carrier's share of those expenses incurred by Ameritech in marketing, sales and support activities directly supporting the Services which are the subject of this Agreement. Examples of the expenses that may be incurred by Ameritech are listed in Attachment A. Ameritech shall seek to be cost effective in its marketing activities, and the Carrier Contribution reflects the sole and complete obligation of Carrier with respect to any End User acquisition charges, fees or expenses.

Each calendar quarter, Carrier and Ameritech shall perform a true-up of the Carrier Contributions and Ameritech's co-marketing expenses. If there were excess Carrier Contributions (Carrier's co-marketing contributions exceeded Carrier's share of the marketing, sales and support costs), Ameritech shall apply such excess against the next month's invoice. If at the expiration or termination of this Agreement, Ameritech is holding excess Carrier Contributions (those funds that have been paid in by



Carrier and which are not yet spent or which are committed and not recoverable), it will return those excess funds to Carrier. Upon reasonable advance written notice, Carrier shall be entitled as a part of the quarterly true-up to audit Ameritech's books and records to confirm the accuracy of expenses incurred by Ameritech and charges invoiced by Ameritech to Carrier hereunder. Any such audit shall be performed at reasonably convenient times for the parties and during normal business hours, and each party shall bear its own expenses in preparing for and participating in the audit. Any audit shall be limited to transactions during the prior calendar quarter. Nothing herein shall give either party the right to access any information other than that information directly related to the accounts referred to herein.

#### **1.09 Termination and Post Termination Obligations**

Either party may elect to terminate this Agreement upon the occurrence of the following events, with termination to be effective as indicated herein:

- (a) if the parties agree to terminate this Agreement in advance of a scheduled expiration date, on the agreed termination date;
- (b) if there is a material breach of this Agreement by the other party (including a failure to deliver or to maintain the ability to deliver Services contemplated by this Agreement, a failure to deliver the Services contemplated by this Agreement, the failure to pay to the other party in a timely manner such sums as are specified in this Agreement, or the failure to provide reasonable assurances of performance or payment requested by the other party) that, after notice and opportunity to cure, remains unresolved through either cure or alternative arrangement thirty (30) days after the notice is provided, or such later time as the parties agree is necessary to cure the breach;
- (c) Carrier increases the Price(s) above the initial levels specified in Section 1.03 hereof, and/or Carrier deviates from the minimum network and operations specifications and requirements specified in Section 1.02;
- (d) upon the issuance of a rule, regulation, statute, order or other requirement binding on one or both parties (collectively, a "Regulatory Requirement") that has the effect, in the good faith determination of either party (after consultation with the other party and a reasonable attempt to modify the Agreement to both comply with such Regulatory Requirement and achieve the initial intent of the parties to this Agreement) of requiring the assessment, collection or recovery of new costs, or of preventing or limiting the profitable operation of the teaming arrangement anticipated by this Agreement or of requiring the assessment, collection or recovery of new costs; *provided that*, if such Regulatory Requirement applies to fewer than all of the jurisdictions in which this teaming arrangement is expected to be effective, such election to terminate may be made only with respect to such jurisdictions, unless both parties elect that termination should apply to additional (or all) jurisdictions, within such time as is required to comply with such Regulatory Requirement;
- (e) upon the occurrence of an event that involves the other party's insolvency, dissolution, cessation of business operations, or reduction/modification of business operations in such a way as to make the Agreement incapable of achieving the intentions of the parties, upon ten (10) days prior written notice, or as otherwise provided herein with respect to a substantial change in the status of the parties;
- (f) at the end of the Initial Term or any time thereafter, upon ninety (90) days' written notice; or
- (g) if, in the reasonable determination of a party, that party cannot obtain an adequate profit or recover its costs from the continued performance of this Agreement, and the parties are unable, after good faith discussions, to restructure or renegotiate this Agreement to address that party's predicament, upon ninety (90) days prior written notice.

Termination under any of these Subsections shall be effected subject to payment of sums due and owing from one party to the other, to transition arrangements that may involve movement of traffic or End User accounts over up to a six (6) month period, to notice to affected End Users, and to billing reconciliation, and to adherence to any continuing, post-termination obligations created herein.

At the expiration or termination of this Agreement, Ameritech shall send a notice to all then-current End Users advising them of the discontinuation of this teaming relationship. Both parties shall agree on the content of the notice, and shall share equally in the reasonable cost of creating and mailing the notice, unless such notice is required as a result of the actions of one party, in which case that party shall bear the cost of the notice.

## **ARTICLE TWO**

### **2.01 Assignment**

Neither Ameritech nor Carrier shall assign any right or subcontract or delegate any obligation under this Agreement without the other party's prior written consent. Any attempted assignment, subcontract or delegation shall be void. Either Ameritech or Carrier may assign and/or delegate this Agreement, in whole or in part, to one or more of its corporate affiliates upon notice to the other party. Upon such assignment and assumption of liability thereto by the assignee, the assignor shall be discharged of any subsequent liability under this Agreement. Without limiting the generality of the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties' respective successors and assigns.

### **2.02 [Intentionally Omitted]**

### **2.03 Compliance with Laws**

Each party and all persons furnished by that party shall comply with all applicable federal, state and local laws, ordinances and regulations in the performance of this Agreement, including the procurement of required permits and certificates. Each party shall maintain throughout the term of this Agreement all federal, state and local licenses, permits, and certificates necessary to perform this Agreement, which shall be promptly furnished to the other party upon request. Each party represents and warrants to the other that prior to providing Services in any jurisdiction it will be qualified to do business in such jurisdiction and will maintain good standing in such jurisdiction during the term of this Agreement. Each party further represents and warrants that prior to providing Services in any jurisdiction it will be certified by the proper regulatory agencies to provide such Services to End Users in such jurisdiction.

### **2.04 Year 2000 Capabilities**

Carrier warrants that its Services and any information supplied by Carrier to Ameritech shall properly perform Year 2000 Processing. Carrier shall promptly remedy any breach of this warranty at no additional charge to Ameritech by correcting its Services so as to make them capable of correctly performing Year 2000 Processing. Carrier's breach of this warranty shall not be subject to any provisions regarding limitations of Carrier's liability set forth in this Agreement. "Year 2000 Processing" means processing which is dependent upon accurate usage, before or after December 31, 1999, of calendar dates, including dates after December 31, 1999. Year 2000 Processing includes software embedded in the Services that manages and/or manipulates data involving dates, including single century formulas and multi-century formulas. "Proper Processing" means the Services will not cause an abnormally ending scenario or result in incorrect values generated involving dates.

### **2.05 Confidential Information**

As used in this Agreement, the term "Confidential Information" shall mean any information or material identified as confidential or proprietary by either party prior to, or within ten (10) days after, disclosure by the disclosing party to the receiving party. The Services that a party hereto provides to an End User shall be considered that party's Confidential Information, but the identity of End Users (at the individual and aggregate levels) shall be considered the Confidential Information of both parties, and shall not be used by either party for any purposes other than those contemplated herein without the other party's prior written consent. Specifically, it is the explicit intention of the parties that neither party shall utilize Confidential Information that is related to Services provided by that party and that is acquired in the course of negotiation or performance of this Agreement in any distinct competitive capacity against the other party.

Confidential Information disclosed by either party to the other shall be held by the recipient in confidence and not: (a) used by the recipient for personal advantage as described in this Agreement; or (b) made available for third parties to use. Each party will direct its employees, contractors, consultants and representatives who have access to any Confidential Information to comply with all of the terms of this Section. If any of the following apply to any information, such information shall not be deemed to be Confidential Information: (i) it is or becomes available to the public through no wrongful act of the receiving party; (ii) it is already in the possession of the receiving party and not subject to any agreement of confidence between the parties; (iii) it is received from a third party without restriction and without breach of this Agreement; (iv) it is independently developed by the receiving party; (v) it is disclosed pursuant to a requirement of a duly empowered government agency or a court of competent jurisdiction after due notice and an adequate opportunity to intervene is given to the other party unless such notice is prohibited. Upon termination or expiration of this Agreement, the receiving party shall, at the disclosing party's direction, either return to the disclosing party or destroy all of the disclosing party's Confidential Information and so certify in writing. The obligations of this provision will survive any termination or expiration of this Agreement.

## **2.06 Contests Related to the Teaming Agreement**

In the event that there is initiated any investigation, proceeding, litigation, inquiry, hearing, information or data request, governmental dialogue or other governmental agency question or information gathering process related to the structure or lawfulness of this teaming agreement (each, an "Inquiry"), then the parties shall evaluate such Inquiry and the appropriateness of addressing such Inquiry as a joint defense endeavor. If such Inquiry may be addressed as a joint defense endeavor, then Ameritech shall provide the lead counsel, at its expense, to undertake such defense, unless the Inquiry relates solely to Carrier. Carrier may elect to retain its own counsel with respect to such Inquiry, in which event Carrier shall be responsible for its attorneys' fees and all other costs incurred by Carrier. If the Inquiry is such that a joint defense is not appropriate, in the good faith determination of counsel for either party, then in such event the parties shall procure separate counsel, and each party shall be responsible for its own attorneys' fees and costs.

## **2.07 Dispute Resolution**

**Internal Resolution.** The parties shall attempt in good faith to promptly resolve any dispute relating to this Agreement by negotiation between their executives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement. Either party may give the other party written notice of any dispute not resolved in the normal course of business, with a reasonable description of the nature of the dispute and the positions believed to be taken by the parties. Within five (5) days after receipt of such notice, the receiving party shall either respond in writing to the notice, or meet with the submitting party to resolve the dispute. If this process fails to achieve resolution of the dispute, each party shall immediately refer the matter to a named executive, who shall meet within twenty (20) days at a mutually acceptable time and place, and thereafter as often as they deem reasonably necessary, to attempt to resolve the dispute. Each party shall honor reasonable requests for information made by the other. If the parties are unable to resolve the dispute within thirty (30) days after the meeting of the named executives, then either party may initiate arbitration of the dispute as provided below.

**Arbitration.** If the parties are unable to resolve a dispute as provided above, or if either party fails to resort to or comply with a request for such negotiation in a reasonable and timely fashion, then the sole and exclusive remedy for resolving disputes between Ameritech and Carrier relating to this Agreement shall be by binding arbitration in accordance with the Center for Public Resources ("CPR") Model Procedure for Mediation of Business Disputes. One (1) arbitrator having experience in the telecommunications industry shall be selected by CPR to adjudicate any such dispute, and the arbitration shall be conducted on an expedited basis in the home city of the party against whom the arbitration is being invoked. Each party shall bear its own expenses of the arbitration, and the cost and expenses of the arbitrator shall be equally shared by the parties. The arbitration award shall be in writing and shall be final and binding upon the parties, and judgment thereon may be entered in any court of competent jurisdiction. It is anticipated that an arbitration will be held within forty-five (45) days, and an award made within ninety (90) days, of the referral to CPR.

**Limitation.** The requirements of this Section shall not apply to disputes between the parties for which injunctive relief is specified in this Agreement as a remedy. During the pendency of any procedure conducted under this Section, both parties shall continue the full performance of their respective obligations under this Agreement. Negotiations and any resolution of a dispute pursuant to this Section are to be treated as confidential and as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and State rules of evidence or any arbitration proceeding between the parties.

## **2.08 Force Majeure**

Neither Ameritech nor Carrier shall be liable to the other for any delay or failure in performance hereunder due to fires, strikes, work stoppages, embargoes, requirements imposed by governmental regulations (including but not limited to a Regulatory Requirement), requirements of civil or military authorities, acts of God, the public enemy or other causes which are beyond the reasonable control of the party unable to perform ("force majeure"). If a force majeure event occurs or is anticipated to occur, the party delayed or unable to perform shall give prompt notice to the other party. In the event a party becomes substantially delayed in performance or becomes unable to perform, the other party may seek reasonable assurances of future performance, or may elect on thirty (30) days' notice: (a) to terminate this Agreement relating to Services that will not have been performed as of that date, without further liability to the other party, but subject to such transition activities as the parties agree is appropriate, or (b) to suspend performance for the duration of the force majeure. Either party's exercise of its rights under option (b) shall not prevent it from subsequently terminating this Agreement. Unless written notice of termination is given by a party, option (b) shall be deemed selected, and the parties shall cooperate to seek constructive alternatives to continue to seek to achieve the purpose of this Agreement.

## **2.09 Indemnity**

Except with respect to an Inquiry, which is addressed in Section 2.06 hereof, each party shall defend, indemnify and hold harmless the other party, its corporate affiliates, their officers, employees and agents from and against all losses, damages, expenses (including reasonable attorneys' fees and costs), claims, suits and liabilities, whether based in contract or tort (including strict liability), to the extent arising out of or resulting from (a) the indemnifying party's negligent or intentional acts or omissions, or those of persons furnished by it, (b) the failure of the indemnifying party or any Services to fully comply with the terms and conditions of this Agreement, or (c) assertions under Workers' Compensation or similar laws made by persons furnished by the indemnifying party. The indemnified party shall promptly notify the indemnifying party of any written claim, loss or demand for which the indemnifying party is responsible under this Section.

Without limiting the generality of the foregoing, to the extent the Services are performed in the State of Ohio, it is expressly agreed that the indemnifying party hereby waives any immunity from its obligations to defend, indemnify and hold harmless the indemnified party from and against claims by employees of the indemnifying party, which immunity would otherwise arise by operation of Ohio Revised Code §§4123.74 and 4123.741 and Section 35, Article II, Ohio Constitution or any other statute or constitutional provision.

## **2.10 Publicity**

Carrier shall not identify, either expressly or by implication, Ameritech or its corporate affiliates or use any of their trademarks, trade names, service marks, other proprietary marks, or reference the Services performed hereunder in any advertising, press releases, publicity, or marketing, sales or promotional materials or initiatives without in each instance obtaining Ameritech's prior written consent, which consent shall not be unreasonably withheld or delayed. In addition, Carrier shall not directly or indirectly represent its relationship with Ameritech to be other than as expressly specified in this Agreement. Notwithstanding the above, Ameritech and Carrier shall establish guidelines under which either party may: (a) identify the existence of the relationship internally and externally, (b) provide a summary of the nature of the relationship and the purpose of the Agreement; and (c) promote the marketing and sale of Services under the teaming arrangement.

Except as required by law, neither Ameritech nor Carrier shall issue any initial press release related to the establishment of the Agreement without providing a copy in advance to the other party and obtaining its consent as to form and content. The parties agree to seek first to prepare a joint press release acceptable to each party to disclose this Agreement and the teaming arrangement. Subsequent press releases may include information that has already been disclosed with respect to the Agreement and the teaming arrangement, but other, new material shall be subject to a continuing requirement that a

copy be provided to the other party for consent as to form and content. Any consent required by this paragraph shall not be unreasonably withheld or delayed.

Ameritech shall have a limited license during the term of this Agreement to utilize certain of Carrier's trademarks, service marks and trade names, all identified in writing in advance by Carrier to Ameritech as acceptable for use, and on terms and conditions as Carrier makes applicable from time to time, in advertising and marketing the Services to End Users, and in its dealing with the End Users on its and Carrier's behalf, and for all such uses directly related to the provision of Services under this Agreement, Ameritech shall comply with such requests of Carrier related to the use of Carrier's intellectual property as are reasonable in the circumstances, and Ameritech shall not be required to obtain Carrier's prior written consent. Ameritech shall endeavor to provide to Carrier copies of all marketing materials prior to circulation of those materials for use either within Ameritech or without Ameritech. Ameritech will clearly indicate in any advertising and marketing of the Services to End Users, and in any dealings with End Users on its and Carrier's behalf, that Carrier provides its InterLATA Services to the End Users, and Ameritech provides its IntraLATA Services to those End Users.

To the extent it is beneficial to the achievement of the purpose of this Agreement, Ameritech shall afford to Carrier a limited license to utilize certain of Ameritech's trademarks, service marks and trade names, identified in advance by Ameritech as acceptable for use, and on terms and conditions as Ameritech specifies from time to time, for purposes directly related to the provision of Services under this Agreement.

#### **2.11 Miscellaneous**

- A. **Choice of Law.** This Agreement and any claims arising hereunder or related hereto, whether in contract or tort, shall be governed by the domestic laws of the State of Illinois.
- B. **Entire Agreement.** The terms contained in this Agreement and the Attachment(s) and specification(s) referred to herein, which are incorporated herein by this reference, constitute the entire agreement between the parties with respect to the subject matter hereof, superseding all prior understandings and communications, oral or written. In addition, neither party shall be bound by any terms additional to or different from those in this Agreement that may appear subsequently in the other party's quotations, acknowledgments, invoices or any other communications from that party. This Agreement may not be modified except by a writing signed by a senior executive of both parties.
- C. **Limitation of Liability.** In no event shall either party be liable to the other party or to any third party for incidental and consequential damages, loss of goodwill, anticipated profit, loss of business opportunity or other claims for indirect damages in any manner related to this Agreement or the Services, whether or not either party had or should have had any knowledge, actual or constructive, that such damages might be incurred.
- D. **Non-Waiver.** Failure of either party to insist on performance of any term or condition of this Agreement or to exercise any right or privilege hereunder shall not be construed as a waiver of such term, condition, right or privilege in the future.
- E. **Notices.** Any notice which under the terms of this Agreement must or may be give or made by either party hereunder shall be in writing and shall be delivered personally or sent by express delivery service through a recognized national delivery carrier or by certified mail, return receipt requested, addressed to the respective parties as follows:

To Ameritech:  
Ameritech Product Management  
2000 W. Ameritech Center Drive  
Hoffman Estates, Illinois 60196-1025  
Attn: VP- General Counsel


To Carrier:  
Qwest Communications Corporation  
555 Seventeenth Street  
Denver, Colorado 80202  
Attn: \_\_\_\_\_

or to such other address as either party shall designate by proper notice. Notices will be deemed to have been received as of the earlier of the date of actual receipt or, in case of notices sent via U.S. mail, three (3) days after mailing.

- F. Offset. No setoff shall be made by a party without advising the other party of such action in advance, and identifying the nature and amount of such setoff. The parties may establish a course of dealing in which accounts may be settled on a net basis from time to time. If there is a setoff or other netting of sums due between the parties, the party against which a setoff is made shall be deemed to have acknowledged and accepted the validity of any claim if it does not notify the other party that it disputes such claim and also specifies with particularity its reasons therefor within thirty (30) days from the date it receives notice or knowledge thereof.
- G. Remedies. The rights and remedies herein provided shall be exclusive and shall be in lieu of any other remedies available at law or in equity.
- H. Severability. If any provision of this Agreement shall be held invalid or unenforceable, such provision shall be deemed deleted from this Agreement and shall be replaced by a valid and enforceable provision which so far as possible achieves the same economic and other benefits for the parties as the severed provision was intended to achieve; and the remaining provisions of this Agreement shall continue in full force and effect.
- I. Survival of Obligations. The parties' obligations under this Agreement which by their nature are intended to continue beyond the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement.
- J. Tax. Carrier and Ameritech shall each be solely responsible for the proper calculation, collection, and payment of all applicable taxes to the proper jurisdiction on all services provided by that party. Neither party shall be held liable for the other party's failure to pay the appropriate tax amounts to the proper jurisdiction unless such underpayment is due solely to the other party's gross negligence or willful misconduct in its performance or failure to perform under this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives as of the date first hereinabove written.

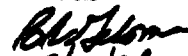
QWEST COMMUNICATIONS CORPORATION AMERITECH SERVICES, INC., for itself  
and on behalf of its Affiliates

By:   
Name: Lewis D. Wilke  
Title: PRESIDENT - BUSINESS MARKETS

By:   
Name: Jack Rooney  
Title: President, Ameritech Consumer Services

By:   
Name: Ronald Blake  
Title: President, Ameritech Small Business Services



  
5/13/98

## **ATTACHMENT A**

### **Service Requirements**

In order to meet those quality levels consistent with Ameritech's and Carrier's brands and reputations, Carrier's interLATA service (the "Service") and Ameritech's Services, to the extent applicable, must meet the following specifications:

1. **Service Description**

Carrier must provide:

- A PIC-based Service for domestic direct-dialed, interLATA and international calls made by End Users from residences and businesses in the United States.
- PIC-based Operator Services for End Users, in support of interLATA-PICed End Users.
- All customer services related to this Agreement, except as may be otherwise specified herein.

2. **Certification**

Carrier must be certified in all applicable regulatory jurisdictions to complete interLATA calls that originate and terminate anywhere in the North American Numbering Plan ("NANP") Area, except where unique issues of fraud may require Carrier in its discretion to establish special conditions for completion of calls with prior notice to Ameritech, i.e., to certain NANP areas in the West Indies.

Carrier must also be certified to complete international calls that originate inside, but terminate outside of the NANP area, but with the same exception as with intra-NANP fraud issues.

3. **Billing and Ordering Options**

Carrier must support the following billing options for interLATA calls:

- Direct-dialed, 1+ including the ability to reach 500, 700, 800, 877 and 888 (and any future toll-free prefixes), among others.
- Ameritech LEC Calling Card
- Other LECs' calling cards
- Collect (via Operator Assisted only)
- Billed to Third Party (via Operator Assisted only)

Ameritech will submit orders to Carrier via electronic CARE feeds.

4. **Transport Requirements**

Carrier must transport all domestically-originated PIC-based direct-dialed and operator services calls, placed by End Users, that originate and terminate anywhere in the NANP Area.

Carrier must also transport all PIC-based domestic direct-dialed and operator services calls, placed by End Users, that terminate to international locations.

5. **Network Requirements**

- Carrier must use a 100% deployed and compliant SS7 network for domestic traffic
- No MF-SS7 interworking within Carrier's network
- Carrier's network must be engineered for no more than P.001 blocking during busy hour
- Network availability must be 99.995% or greater as measured each month



- Carrier must have alternate routing for originating and terminating traffic in the event of an outage affecting its access trunks
- 100% of terminating traffic must complete without experiencing blocking on Carrier's network
- Carrier must provide 24x7 performance monitoring of all system components
- All network connections must be 100% digital, such that the only degradations are delay, jitter, wander and slips
- Carrier must have an "open" network. Immediately after End Users are Piced to Carrier within a major LEC's local switch, the End Users must be capable of originating interLATA calls on Carrier's network
- Carrier must provide a dedicated CIC to support End Users participating in this Service, and that CIC must be in place, tested and certified ubiquitously in service in all Ameritech end offices and tandems not less than ten (10) days prior to commercial launch of this Service. The dedicated CIC shall not be used during the term of this Agreement for anything other than the Services to be provided hereunder.
- Carrier must have primarily fiber connectivity to major LEC networks from each Point of Presence ("POP")
- Carrier must have a currently deployed and tested POP in every LATA, or currently deployed and tested access to a POP in every LATA, and adequate in place trunking to support the call volumes forecast by Ameritech in the RFP

Nothing in this Agreement is intended to require Carrier to make extensive or specialized network improvements that are not reasonably capable of being utilized for other interLATA transport purposes by Carrier, and that would be otherwise uneconomic in the event this Agreement is terminated.

#### 6. Call Rating

Carrier must be able to rate End Users' calls in increments of six (6) seconds or less, but pricing under this Agreement shall be based on billing (a) business End Users in six (6) second increments, with an eighteen (18) second minimum and in six (6) second increments thereafter, rounded up to the nearest six (6) seconds, and (b) residential End Users in one (1) minute increments, rounded up to the next full minute billing.

#### 7. Recording

Carrier shall record and send billed messages within twenty-four (24) hours to:

- The originating Ameritech LEC, or an Ameritech agent, in standard Bellcore Exchange Message Interface ("EMI") format, for transactions billed to the originating Ameritech LEC's End Users in the following manner:
  - Direct-dialed
  - Ameritech LEC Calling Card
  - Collect
  - Billed to Third
- Other LECs or clearinghouses for transactions billed to other LECs' customers in the following manner:
  - Other LEC Calling Card
  - Collect
  - Billed to Third

Not less than thirty (30) days after execution of this Agreement, Carrier must provide certification to Ameritech's reasonable satisfaction that Carrier can rate calls accurately per these Specifications. Test bills showing accurate rating across different call scenarios must be included with the certification.

Carrier's billing systems must have sufficient volume capacity to rate, record and send billed messages within twenty-four (24) hours, given the volumes forecast by Ameritech in the RFP.

8. Retail Pricing

Carrier may use those price points for international, calling card, collect, directory assistance, billed-to-third and other Services that Carrier provides, which are specified in Carrier's tariffs and/or price lists in effect on the effective date of this Agreement. Carrier may at any time during the term of this Agreement increase or decrease any or all of these price points by making such tariff revisions as it deems necessary, and by providing not less than one (1) business day's prior written notice to Ameritech of the effective date of such tariff change; *provided that*, if any price point increase during the Initial Term hereof results in a price for that Service which is more than twenty-five percent (25%) higher than the price for that Service which is in effect on the effective date of this Agreement, then Ameritech may terminate this Agreement upon written notice to Carrier.

9. Tariffs

Carrier is responsible for all filing and administration of its InterLATA/International tariffs, coordinating, where appropriate, with Ameritech's or other providers' filings, as well as compliance with all regulatory requests or mandates.

Carrier will work with Ameritech within the guidelines established in this Agreement to ensure that all End User notification requirements are met.

At all times under this Agreement, Carrier shall have full authority to establish End User billing and credit policies, including but not limited to action that would involve blocking or toll denial or disconnection of End Users that are non-payers or late-payers. Carrier shall notify Ameritech in advance of each End User against whom Carrier has invoked blocking, toll denial or disconnection.

10. Billing and Collections

Carrier must support all necessary billing arrangements identified herein:

Carrier must execute with Ameritech a Billing and Collection Agreement to process all transactions billed to End Users via direct-dialed, Ameritech LEC Calling Card, collect or Billed to Third. As part of the B&C Agreement, Carrier must:

- Provide Ameritech with the right of inquiry (i.e., the ability for Ameritech customer service representatives to perform initial inquiries on the End User's bill)
- Format the bill page according to Ameritech's requirements
- Have B&C or clearinghouse arrangements to process all transactions billed to other LECs' customers via the Calling Card, Collect or Billed to Third

11. Fraud Management

Carrier shall accept responsibility for all subscription fraud related to the provision of its Services, but may elect to implement new, modified or additional fraud control mechanisms in the event that the teaming arrangement leads to fraud experience that is higher than Carrier experiences for its customer base generally, or that Carrier may determine in its reasonable discretion is necessary to address existing or emerging fraud issues.

Carrier must work with Ameritech to implement systems, procedures and enhancements to minimize fraud where Ameritech systems or Services are implicated; provided however that

such obligation shall not prevent Carrier from implementing such protections as it deems appropriate for its own Services as outlined above. At all times, Carrier shall have sufficient control over its End User accounts so as to take action it deems appropriate with respect to non-payers, late payers and bad debt accounts, including implementation of toll denial, disconnection and other sanctions effected pursuant to its procedures.

**12. Operator Services**

Carrier will provide the following Operator Services as a part of the Service:

- Calling Card via automated and operator assisted
- Collect
- Billed to Third
- Busy Line Verify and Busy Line Interrupt, on agreement of the parties
- Carrier commits to the following operator service center standards for the End Users enrolled in the Service
  - Carrier must operate multiple centers and provide redundancy between centers
  - The Operator Services system must be ACD (Automatic Call Distributing) based
  - Carrier must provide 24x7 live operator assistance
  - The daily average time-to-answer must be less than six seconds
  - The daily average operator work time must range between 30 seconds and 40 seconds
- Carrier must have the systems capability to brand its operator services, if a brand name is created for the Services
- Carrier must provide reasonable training on the teaming arrangements to its operators

**13. Taxation**

Carrier will be responsible for maintaining tax tables and rating and remitting all taxes for End Users' interLATA calls that it carries to the appropriate authorities.

**14. Marketing Information**

Carrier must provide, at Ameritech's request, aggregate End User information containing mutually agreeable data (e.g., customer reports, revenue, trending) to optimize Ameritech's marketing of the Services.

**15. Marketing**

- Ameritech can market the Services to potential End Users. Ameritech will undertake all third party verification required by law or regulation.
- Ameritech will market Carrier's Services to potential End Users consistent with Ameritech's equal access obligation, as specified in the FCC's Order in Docket 96-149 (FCC No. 96-489)
- Ameritech can market to re-acquire for Carrier End Users who discontinue Carrier's Service(s). Carrier will provide to Ameritech a daily file (in a format and medium to be mutually agreed) of End Users who de-PIC Carrier's Service to enable Ameritech's winback marketing
- All marketing materials will clearly indicate that Carrier provides all InterLATA Services and that Ameritech provides intraLATA Services, and will be consistent with both parties' Customer Proprietary Network Information ("CPNI") obligations

- To facilitate program tracking and fulfillment, Carrier agrees to provide a current End User data file (in a format and medium to be mutually agreed), including at a minimum bill name, address, and telephone number, segregating business End Users from residential End Users
- Ameritech will undertake all marketing, promotional and related training required for its agents and employees and for the marketing of Carrier's Services under this Agreement. Carrier shall provide comprehensive training materials for Ameritech to use in training sales and service personnel on Carrier's Services
- As specified in Section 1.08 of the Agreement, Carrier's co-marketing contributions will be used (1) to facilitate acquisition, retention and re-acquisition of End Users, and (2) to pay Carrier's portion of the following illustrative (but not exhaustive) expenses:
  - The Billing & Collection Agreement start-up expenses assumed by Ameritech
  - Television, newspaper, radio, outdoor and other advertising of the Services
  - Promotional incentives for new customers to enroll in the Services
  - Direct mail and marketing collateral related to the Services
  - Bill messages and/or bill inserts
  - Telemarketing and service ordering expense associated with the Services
  - Marketing initiatives to encourage End Users to remain on the Services
  - Training and channel preparation
  - Systems/IT development, operations planning or M&P development to support the Services
  - Sales incentives

16. Ordering and Provisioning

- Subject to Paragraph 1 of this Attachment A, Carrier must support carrier selection through carrier change orders processed by Ameritech service representatives without specification or a particular Universal Service Order Code ("USOC") through existing CARE processes
- Carrier must support provisioning of USOC-driven Services for orders generated by third party telemarketers/representatives which are passed directly to Carrier. Carrier must then notify Ameritech through existing CARE processes using the AC billing option so that PIC change charges do not appear on the customer's bill
- Carrier must process PIC changes within 24 hours or as mutually agreed.
- PIC response/acknowledgment files (in industry standard PIC/CARE format) must be sent by Carrier back to Ameritech within 24 hours or as mutually agreed.
- All PIC rejects, including errors and PIC freezes, received by Carrier must be processed by Carrier within 24 hours or as mutually agreed.
- Carrier must utilize electronic PIC processing with Ameritech
- Carrier must have demonstrated ability to interface with Ameritech's "legacy" systems and be able to adapt billing procedures and CDR file formats to those standards

17. Customer Service

- Ameritech will serve as the customer service originating point for End Users
- Carrier will identify and dedicate a Single Point of Contact ("SPOC") to enable an Ameritech SPOC refer End User inquiries or trouble tickets to Carrier in the event of a service problem relating to Carrier's Service(s)
- Carrier's SPOC will be able to provide status and resolution information about any trouble ticket referred by Ameritech to Carrier. Status and resolution will be provided back to Ameritech's SPOC so that End User feedback can be provided by Ameritech, as necessary or appropriate.
- Carrier's SPOC will immediately notify Ameritech's SPOC of any known service outages or customer impacting trouble along with estimated resolution information and ongoing status.

- Transfer of calls from Ameritech customer service to Carrier customer service shall occur pursuant to procedures established by the parties, except in the event that this Agreement is terminated, at which time Carrier and Ameritech shall mutually develop a schedule for transition of Carrier's customers to Carrier's customer services facilities.

18. Satisfaction Guarantee

Carrier's Services are to be marketed by Ameritech with Carrier's "Satisfaction Guarantee." Carrier's Satisfaction Guarantee provides that any End User who selects Carrier's Services under this Agreement and wishes to switch back to their prior interLATA carrier within thirty (30) days thereafter will be switched back, and Carrier will pay the PIC Change charge applicable to that End User's carrier switch.

19. Ameritech's Service Expectations

Ameritech's Services provided under this Agreement shall comply with such criteria and service quality standards as are established from time to time by Ameritech and by its state commissions, and Ameritech shall not offer Services in a way that would adversely impact End Users' perceptions of the group of Services being marketed under this teaming arrangement, including the Services offered by Carrier.